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 UNIT : S/TF 25X1A9a
 EXT : 2085
 DATE : 20 AUGUST 1958

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TO : CHIEF OF STATION, [REDACTED] 25X1A6a
 FROM : DIRECTOR
 CONF : ORR 3
 INFO : FE 4, DD/I 2, OCI 4, S/C 2

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 REF : [REDACTED] 25X1A6c
 [REDACTED] 25X1A2g

CITE DIR
 25X1A6c

1. INDONESIA HAS FOUR PRESSING NEEDS:

A. RICE: NEARLY 1,000,000 TONS NEEDED THIS YEAR. ONLY TOKEN BLOC AID THUS FAR. GOI PURCHASED 25,000 TONS FROM CHICOM IN FEB AND ADDITIONAL 20,000 TONS UNDER CREDIT PROGRAM.

B. TEXTILES: CHICOM SUPPLYING 70 MILLION YARDS UNDER CREDIT PROGRAM. USSR \$600 THOUSAND WORTH UNDER \$100 MILLION LOAN.

C. SHIPPING: USSR SUPPLIED 10 CARGO SHIPS TOTALING 23,000 TONS; 2 TANKERS TOTALING 8,000 TONS TO DATE. USSR MAY SUPPLY 12 FISHING TRAWLERS 400 TONS EACH. POLAND WILL CONSTRUCT 24 SHIPS TOTALING 65,000 TONS IN NEXT THREE YEARS. NEGOTIATIONS CONTINUING FOR ADDITIONAL MERCHANT SHIPPING.

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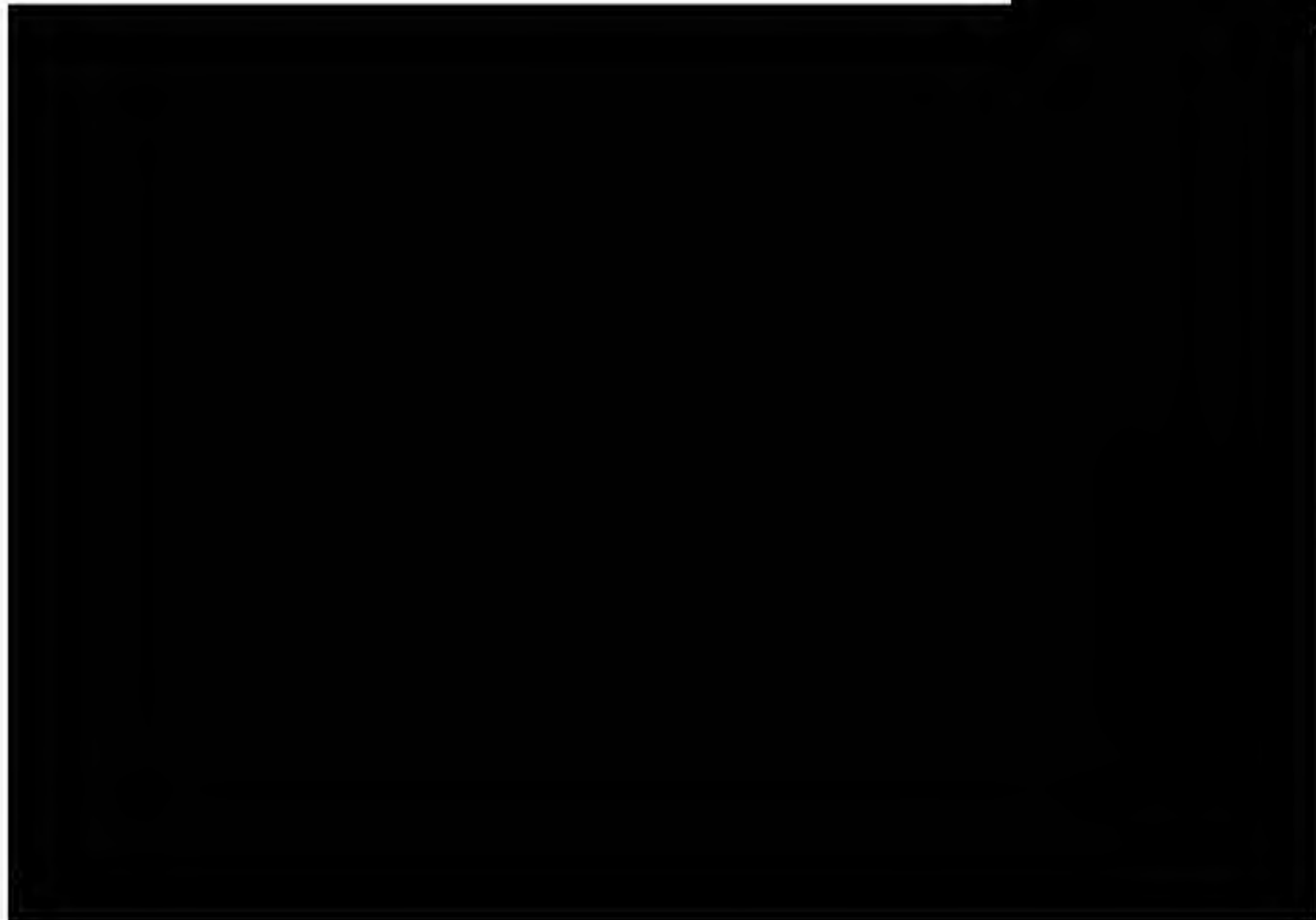
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2. BLOC ECONOMIC ASSISTANCE:

USSR PROJECTS:

A. \$100 MILLION LOAN:

10 SOVIET CARGO VESSELS \$11.5 MILLION DELIVERED;

2 SOVIET TANKERS \$3.3 MILLION DELIVERED;

FOREIGN EXCHANGE LOAN - \$25 MILLION;

TEXTILES - \$600 THOUSAND;

HIGHWAY SURVEY IN BORNEO BY 3 SOVIET EXPERTS COMPLETED;

PROJECT WOULD EMPLOY MACHINERY VALUED AT \$8.0 MILLION AND 535 TECHNICIANS -
USSR OR CZECH.

B. OTHER OFFERS TO GOVERNMENT INCLUDE: EXPLORATION AND DEVELOPMENT

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OF URANIUM AND OTHER MINERAL DEPOSITS; COOPERATION AND EXCHANGE IN PEACEFUL
USES OF ATOMIC ENERGY; INTERNAL INDONESIAN EDUCATION PROJECTS - \$10.0 MILLION.

C. OFFERS TO PRIVATE ORGANIZATIONS: UNLIMITED ~~XXXXXXXX~~ CREDIT WITH
GOOD TERMS INCLUDE; GLASS FACTORY - CONTRACT FOR \$2.5 MILLION - UNDER
CONSTRUCTION NEAR DJAKARTA - TO EMPLOY 35 SOVIET TECHNICIANS; ELECTRIC POWER
EQUIPMENT - CONTRACT FOR \$0.8 MILLION SIGNED, MORE EXPECTED.

D. SOVIET MINISTRY OF MERCHANT FLEET ESTABLISHED AGENCY IN
DJAKARTA IN MAY TO SUPPORT DELIVERY MILITARY EQUIPMENT AS WELL COMMERCIAL
GOODS. SIMILAR ARRANGEMENT MADE IN MIDDLE EAST FOR GOODS DESTINED FOR
INDONESIA.

E. 5 INDO AVIATION OFFICIALS TOURING USSR AND C. CHINA AT SOVIET
EXPENSE.

~~COMMUNIST CHINESE~~ CHINESE COMMUNIST PROJECTS:

CREDIT OF \$11.2 MILLION FOR IMPORTATION RICE AND TEXTILES. PROCEEDS

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OF SALES TO FINANCE LOCAL CONSTRUCTION COSTS OF CHICOM TEXTILE FACTORIES
REPORTEDLY INCLUDING TOTAL CHICOM CREDIT OF \$40 MILLION. OFFER TO
PURCHASE OIL FROM N. SUMATRAN FIELDS.

EAST GERMANY PROJECT:

SUGAR REFINERY - JOGJAKARTA \$7.9 MILLION COMPLETED JUNE, COSTLY
REPAIRS NECESSARY AFTER SEVERAL BREAKDOWNS. OFFERS MINING, ROADBUILDING,
SHIPPING, AND AIRLINES STILL OUTSTANDING.

CZECH PROJECTS:

- A. HYDROELECTRIC POWER GENERATING EQUIPMENT \$900 THOUSAND CONTRACT
SIGNED APRIL 1958; ADDITIONAL CONTRACTS EXPECTED SOON.
- B. RUBBER TIRE FACTORY - DJAKARTA - \$1.5 MILLION MAY OPEN SOON.
- C. BRANTAS IRRIGATION CANAL PROJECT - EAST CENTRAL JAVA - 5 YEAR
CREDIT ARRANGEMENT FOR MACHINERY - PROJECT UNDER CONSTRUCTION.
- D. SMALL ENAMELWARE FACTORY - DJAKARTA - COMPLETED WITH CZECH
ASSISTANCE.

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POLAND PROJECT:

24 SHIPS - \$39.1 MILLION CONTRACT SIGNED JUNE TO BE DELIVERED
OVER PERIOD OF 3 YEARS, 13-YEAR CREDIT 2 PERCENT DOWN PAYMENT.

3. BLOC TECHNICIANS:

A. USSR:

CIVILIANS - 30 TO IMPLEMENT USSR \$100 MILLION LOAN; ABOUT 60
OF 360 CREWMEN, NAVIGATORS, RADIO OPERATORS FROM THE 10 USSR CARGO SHIPS
TO REMAIN FOR INDEFINITE PERIOD. MILITARY - 75 PILOTS, CREWMEN AND JEEP
MAINTENANCE MEN AT SURABAYA AND ~~MAKASSAR~~ MALANG. UNDETERMINED NUMBER COULD BE CZECH.

B. CZECHO:

CIVILIANS - 22 RUBBER-FACTORY DJAKARTA, 5 - BRANTAS IRRIGATION
PROJECT EAST JAVA, 5 - WATER PURIFICATION BADUNG, 5 - ELECTRIC POWER PROJECTS
JAVA. MILITARY - 24 ~~EXXET~~ CZECH PILOTS ON LOAN FROM EGYPT AT SURABAYA OR MALANG,
17 AUTOMOTIVE ARMS ENGINEERS IN DJAKARTA, 10 ARMS SPECIALISTS - BANDUNG. LOCATION
AND NUMBERS OF OTHERS UNKNOWN.

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C. EAST GERMANY:

CIVILIANS - 94 SUGAR MILL XX JOGJAKARTA, ABOUT 6 OTHERS.

MILITARY - NONE KNOWN.

D. POLAND:

CIVILIANS - 30 MERCHANT CREWMEN. MILITARY - PROBABLY SOME PILOTS.

E. COMMUNIST CHINA:

CIVILIANS - 5 MEMBERS OF TRADE MISSION. MILITARY - 5 AIR
CREWMEN - SURABAYA.

MANY OTHER BLOC AND YUGOSLAV TECHNICIANS BELIEVED XX ARRIVING INDONESIA UNDER
SECURE COVER AND SENT DIRECTLY TO INSTALLATIONS.

4. ALL-SOURCE SUMMARY WOULD BE ALMOST IDENTICAL TO ABOVE INFO.

25X1A6a END OF MESSAGE

C/S COMMENT: * (IN 27802) [REDACTED] REQUESTED [REDACTED] OBTAIN BEST INFO ON
THE PRESENT SCOPE AND STATUS OF COMMUNIST BLOC ASSISTANCE TO INDONESIA.

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OTTO E. GUTHE, AF/RR

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